

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

SUBCOMMITTEE ON SALES TAX

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 26, 1999 at 9:08 A.M., in Room 413/415 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Bill Glaser (R)
Sen. Barry "Spook" Stang (D)

Members Excused: None

Members Absent: None

Staff Present: Sandy Barnes, Committee Secretary
Lee Heiman, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Bills Discussed: Sales Tax Packages

DISCUSSION ON SALES TAX PROPOSALS

SEN. DEPRATU said for purposes of this meeting the discussion would be limited to the committee. He suggested that a recommendation be made to the Senate Taxation Committee of **SB 525** and the related bills, with the suggested amendments **SEN. GLASER** had made and were discussed yesterday.

SEN. STANG said he disagreed with that recommendation. He said he felt the committee had worked on the Sprague proposal and had pretty much agreed that that was the direction they would pursue. He said the Devlin proposal provides very little tax relief to homeowners other than the reduction of the 95 mills. He would suggest that the subcommittee move the Sprague proposal to the

committee. He said it is a much broader proposal, it has been worked on for a lot longer time, it gives more homeowner tax relief, and it is a bill that can probably get some support from the Democratic caucus to move it forward, where the Devlin proposal will not.

Motion: SEN. STANG MOVED THE SPRAGUE PACKAGE AS AMENDED AND REVISED BY THE SUBCOMMITTEE ON SALES TAX.

Discussion:

SEN. GLASER said the legislature is a mirror image of the public. He said he and **SEN. DEPRATU** had talked to every member of their caucus, and the Devlin proposal has slightly more support than the Sprague bill. He said unless **SEN. STANG** could guarantee five or six votes from his caucus for the Sprague proposal, the Devlin proposal has a better chance. He said the reality of it is that the public is uncertain and the legislative body is a reflection of that, they are also uncertain about where they want to go.

SEN. STANG said he could not guarantee votes because no one tells his caucus how to vote, but he knows that if there is a chance to get any votes out of his caucus, a sales tax proposal has to have substantial property tax relief for homeowners. The Devlin proposal does not do that, and without that, he doubts that there will be support from the Democratic caucus for that idea. He said there are bills in this legislature that are offering tax relief without a sales tax, and if there is to be a sales tax in the state of Montana, the proceeds of that sales tax should be going as tax reductions to the individuals who are going to pay the greater share of that sales tax.

SEN. DEPRATU said that no one tells the Republican caucus how to vote, either, and that is something that is very straight up and very forward. The bottom line is that you always vote your conscience and vote for your constituents, and you are not being instructed to vote for any certain thing in any one caucus. He said he would think and hope that both caucuses have always operated on that basis.

Vote: Motion failed 1-2 with Depratu and Glaser voting no (Roll call vote No. 2)

Motion: SEN. GLASER MOVED THE DEVLIN PROPOSAL WITH SUGGESTED AMENDMENTS.

Discussion:

SEN. GLASER said he is recommending that the subcommittee pass on to the Senate Taxation Committee the proposal that has the best chance of the two, the Devlin package with the proposed amendments.

SEN. STANG asked if those amendments included changing the rate of the business equipment tax to 3% with the difference going to homeowner tax relief, or if is it the bill pretty much as written with a few minor adjustments. **SEN. GLASER** said it repeals the six mills, removes the light vehicles, takes the automobile repair off for service because no other in-state consumed service is included except that, and it is recommended that the Taxation Committee do something with the gap money if there is any.

SEN. STANG said that for the reasons previously stated, he would find it very hard to support the bill. The indication he got from the caucus yesterday was that if there was not substantial homeowner tax relief in the sales tax bill, there would probably be very little support. He said also that the coalition is a representation of special interest groups in the state of Montana, and they do not represent the homeowners.

Vote: Motion carried 2-1. (Roll call vote No. 2)

ADJOURNMENT

Adjournment: 9:18 A.M.

SEN. BOB DEPRATU, Chairman

SANDY BARNES, Secretary

GD/SB

EXHIBIT (tas68bad)